



COUNTY OF LOS ANGELES

CHIEF INFORMATION OFFICE

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RICHARD SANCHEZ
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April 03, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

11 April 3, 2012

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

APPROVAL OF AMENDMENT NUMBER EIGHT TO MASTER SERVICES AGREEMENT NUMBER 75272 WITH MICROSOFT CORPORATION AND AUTHORIZATION TO EXECUTE NEW STATEMENT OF SERVICES

**CIO RECOMMENDATION: APPROVE (X) APPROVE WITH MODIFICATION ()
DISAPPROVE ()**

SUBJECT

Request approval of Amendment Number Eight to the Los Angeles County's Master Services Agreement Number 75272 with Microsoft Corporation to increase the Maximum Contract Sum for Calendar Year 2012 and delegate authority to the Chief Information Officer to execute a Statement of Services under the Master Agreement on behalf of the Department of Health Services.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chair of the Board to sign the attached Amendment Number Eight to the Master Services Agreement (MSA) Number 75272 with Microsoft Corporation (Microsoft) to increase the Maximum Contract Sum authorized for Calendar Year 2012 under the MSA from \$3,000,000 to \$4,500,000.
2. Delegate authority to the Chief Information Officer (CIO) to execute a new Statement of Services (SOS) under the MSA with Microsoft at the request of the Department of Health Services (DHS), effective upon Board approval, for the DHS e-mail migration to the Countywide E-mail System for a

maximum SOS amount not to exceed \$1,730,000 and further delegate authority to the CIO to execute any subsequent necessary change orders to the DHS SOS.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The MSA provides a structure that streamlines and standardizes the acquisition process for highly-skilled Microsoft Premier Support Services (MPSS) and Microsoft Consulting Services (MCS).

Approval of the first recommendation will allow the execution of Amendment Number Eight to increase the Maximum Contract Sum for Calendar Year 2012 to \$4,500,000 to accommodate increased departmental demand for Microsoft services.

Approval of the second recommendation will allow the CIO to execute a new SOS that will not exceed \$1,730,000 to support the migration of DHS' e-mail systems to the Countywide E-mail System. In accordance with the MSA guidelines, Board approval is required for SOSs that exceed \$300,000.

The current DHS e-mail environment includes six e-mail domains and lacks a structured process to add or delete employees and non-County workforce members. Under the proposed SOS, Microsoft will provide professional services to support the migration of DHS' legacy e-mail environment, with over 15,000 DHS users, to the Countywide E-mail System managed by the Internal Services Department (ISD). By migrating its e-mail systems to the countywide system, DHS will cut its per user e-mail costs from \$12.59 to \$6.29, a 50% reduction.

The DHS e-mail migration supports an information technology objective to gain efficiencies through common IT platforms and it will lay the foundation for further department e-mail consolidations. Countywide E-mail System will enhance interoperability and information sharing, simplifies e-mail administration, and enables economies of scale to lower the overall system cost for County departments.

Implementation of Strategic Plan Goals

The recommended actions support Goal 1, Operational Effectiveness, and Goal 4, Health and Mental Health of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

Amendment Number Eight will increase only the 2012 calendar year expenditure authority limit under the MSA to \$4,500,000 to accommodate the new SOS request for DHS and continue to meet anticipated needs of other County departments. Expenditures over the term of the MSA will remain within each department's budgeted appropriation. The administrative provisions of the MSA require confirmation that funding is available before any individual SOS is executed and any SOS exceeding \$300,000 will require Board approval.

Funding for the SOS requested by DHS is included in the Department's FY 2011-12 Adopted Budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On May 24, 2005, your Board approved an MSA with Microsoft with a calendar year contract expenditure limit of \$2,000,000 for an initial three year term and two (2) two year extensions. The CIO was also granted delegated authority to execute MCS SOSs having a maximum sum of \$100,000. Subsequently, Amendments One through Three were executed by the County updating the MPSS and MCS Fee Schedules.

On April 21, 2009, your Board approved Amendment Number Four, which increased the annual calendar contract expenditure limit to \$3,000,000; delegated authority to the CIO to execute MCS SOSs and approved subcontracting; and delegated authority to the CIO to extend the term of the Agreement for three (3) two-year periods, pursuant to the terms of the Agreement.

Subsequently, the County executed Amendments Number Six and Seven to update the Agreement's Business Associate Agreement and the MPSS Fee Schedule.

County Counsel has approved the recommended MSA Amendment as to form. The MSA also includes all Board of Supervisors' required provisions.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed Amendment Number Eight to the MSA will provide DHS and other County departments continued access to MPSS and MCS expertise. These unique Microsoft Services are used in mission and non-mission critical business systems throughout the County.

CONCLUSION

Upon approval by your Board, it is requested that the Executive Officer-Clerk of the Board return one adopted stamped copy of the Board letter and three executed copies of Amendment Number Eight to the Chief Information Office for further processing.

Respectfully submitted,

Handwritten signature of Richard Sanchez in black ink.

RICHARD SANCHEZ
Chief Information Officer

Handwritten signature of Mitchell Katz in black ink.

Mitchell H. Katz, M.D.
Director

RS:MHK:pg

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

**EIGHTH AMENDMENT TO
MASTER SERVICES AGREEMENT
BY AND BETWEEN
MICROSOFT CORPORATION AND
COUNTY OF LOS ANGELES**

This Eighth Amendment to Master Services Agreement (this "Eighth Amendment") is entered into as of the 3rd day of April, 2012 by and between the County of Los Angeles, a political subdivision of the State of California ("County"), and Microsoft Corporation, a Washington State corporation ("Microsoft"). The County and Microsoft are sometimes hereinafter referred to collectively as the "Parties" and each individually as a "Party."

RECITALS

WHEREAS, the Parties entered into that certain Master Services Agreement which was adopted by County's Board of Supervisors on May 24, 2005 as Agreement No. 75272 (the "Agreement") with respect to the procurement by County of Microsoft Premier Support Services ("PSS") and Microsoft Consulting Services ("MCS");

WHEREAS, under that certain First Amendment to Master Services Agreement which was adopted by County's Board of Supervisors on May 9, 2006 (the "First Amendment"), the Parties updated (i) the PSS fee schedule attached to the Agreement as Exhibit A2 (the "PSS Fee Schedule"), and (ii) the MCS fee schedule attached to the Agreement as Exhibit B2 (the "MCS Fee Schedule");

WHEREAS, under that certain Second Amendment to Master Services Agreement which was adopted by County's Board of Supervisors on May 8, 2007 (the "Second Amendment"), the Parties (i) further updated the PSS Fee Schedule, and (ii) delegated to the Chief Information Officer the authority at his discretion to approve changes to any exhibits to the Agreement, or Microsoft personnel performing services under the Agreement, pursuant to the terms of the Agreement;

WHEREAS, under that certain Third Amendment to Master Services Agreement which was executed by County's Program Director, with the delegated authority granted under the Second Amendment, on April 22, 2008 (the "Third Amendment"), the Parties (i) further updated the PSS Fee Schedule, and (ii) changed the individual designated as Microsoft's Consulting Engagement Manager for MCS, as named in Section 9.2;

WHEREAS, under that certain Fourth Amendment to Master Services Agreement which was adopted by County's Board of Supervisors on April 21,

2009 (the "Fourth Amendment"), the Parties (i) established the total maximum amount authorized for expenditure during each calendar year under the Agreement to be \$3,000,000, (ii) delegated to the County's Chief Information Officer ("CIO") the authority to execute Statements of Services for Microsoft Consulting Services having a maximum sum of \$300,000, (iii) delegated to the CIO the authority to approve subcontracting under the Agreement for Statements of Services having a maximum sum of \$300,000, and (iv) delegated to the CIO the authority to extend the term of the Agreement for three (3) two-year periods, pursuant to the terms of the Agreement;

WHEREAS, under that certain Fifth Amendment to Master Services Agreement which was executed by County's Program Director, with the delegated authority granted under the Second Amendment, on May 19, 2009 (the "Fifth Amendment"), the Parties further updated (i) the PSS Fee Schedule, and (ii) MCS Fee Schedule;

WHEREAS, under that certain Sixth Amendment to Master Services Agreement which was executed by County's Program Director, with the delegated authority granted under the Second Amendment, on December 20, 2010 (the "Sixth Amendment"), the Parties further updated the Business Associate Agreement;

WHEREAS, under that certain Seventh Amendment to Master Services Agreement which was executed by County's Program Director, with the delegated authority granted under the Second Amendment, on May 20, 2011 (the "Seventh Amendment"), the Parties further updated the PSS Fee Schedule;

WHEREAS, the Parties now wish to further amend the Agreement to increase the total maximum amount authorized for expenditure during the 2012 calendar year only from \$3,000,000 to \$4,500,000, pursuant to the terms of the Agreement.

NOW, THEREFORE, pursuant to Section 22 (Changes and Amendments) of the Agreement and in consideration of the mutual covenants of the Parties contained herein and in the Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Paragraph 5.1 (General) of the Agreement is hereby deleted in its entirety, and is replaced with the following new Paragraph 5.1 (General) to read as follows:

"The Maximum Contract Sum under this Master Agreement shall be the total maximum monetary amount authorized for expenditure by County to Microsoft. The total amount which may be authorized for expenditure by County to Microsoft during the 2012 calendar year (January through

expenditure by County to Microsoft during each subsequent calendar year (January 1 through December 31) of the term of this Agreement shall not exceed Three Million Dollars (\$3,000,000)."

2. Except as otherwise specifically provided under this Eighth Amendment, the Agreement, as amended under the First, Second, Third, Fourth, Fifth, Sixth, and Seventh Amendments, and the respective rights and obligations of the Parties thereunder, remains as previously written and in full force and effect.

IN WITNESS WHEREOF, the County of Los Angeles and Microsoft Corporation have caused this Eighth Amendment to be executed by and through their respective and duly authorized representatives on the day and year above first written.

MICROSOFT CORPORATION

By *David T. Gallagher*
David T. Gallagher
Director of Contracts, Microsoft U.S. Public Sector Services

COUNTY OF LOS ANGELES

By *Zev Yaroslavy*
Zev Yaroslavy
Chairman, Board of Supervisors

ATTEST:

SACHI A. HAMAI
Executive Officer and Clerk
Board of Supervisors of the County of Los Angeles

By *Lachelle Amitherman*
Deputy

APPROVED AS TO FORM:
JOHN F. KRATTLI
Acting County Counsel

By *José Silva*
José Silva
Principal Deputy County Counsel

I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By *Lachelle Amitherman*
Deputy



ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

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APR 3 2012

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

75272
Supplement No. 4